



Ad hoc announcement pursuant to Art. 53 LR
Heerbrugg, March 7, 2024

SFS stays well on track in the financial year 2023

The SFS Group achieved a stable development despite a difficult economic environment. It met its defined financial targets, recording third-party sales (sales) of CHF 3,090.8 million and an EBIT margin of 11.7%. The high level of investment in the realization of growth projects is proving to be worthwhile and focused. SFS also made further important progress in the area of sustainability and is set to meet its targets for education and training, as well as reducing CO₂ emissions.

Geopolitical and macroeconomic developments had a major impact on our business activities in 2023. Key leading economic indicators deteriorated considerably over the course of the year. Many customers reduced their inventories as a result of the normalization of supply chains after COVID-related disruptions, aggravating the situation further. The course of business over the last 12 months reflects this through inconsistent results in the various end markets.

In the financial year 2023, SFS generated robust organic growth of 2.1%. Sales increased overall by 12.6% to CHF 3,090.8 million. Consolidation effects stemming from the inclusion of Hoffmann as of May 1, 2022, accounted for 14.6% sales growth. Strong currency effects negatively impacted the development by -4.1%. On a like-for-like basis, sales growth amounted to 0.8% year-over-year in the first half of the year and 3.2% in the second half.

Profitability significantly impacted

Consolidation and mix effects stemming from the inclusion of Hoffmann as of May 1, 2022, inconsistent utilization of production capacities in the Engineered Components segment, the occasionally higher cost base due to inflation, and the ongoing appreciation of the Swiss franc all had an impact on profitability. Operating profit (EBIT) came to CHF 358.6 million (PY CHF 330.3 million) and the resulting EBIT margin to 11.7% (PY 12.1%) in the period under review.



Income statement CHF million	2023	2022	2021	2020	2019
Third-party sales	3,090.8	2,746.1	1,893.1	1,704.9	1,781.4
Change to previous year in %	12.6	45.1	11.0	-4.3	2.5
thereof currency impact	-4.1	-1.9	-0.1	-4.1	-1.3
thereof change in scope	14.6	37.9	0.8	3.0	4.4
thereof organic growth	2.1	9.1	10.3	-3.2	-0.6
Net sales	3,073.0	2,738.7	1,897.3	1,707.1	1,782.1
EBITDA	486.0	448.1	407.1	327.6	331.7
As a % of net sales	15.8	16.4	21.5	19.2	18.6
Operating profit (EBIT)	358.6	330.3	301.7	227.4	236.3
As a % of net sales	11.7	12.1	15.9	13.3	13.3
Operating profit (EBIT) adjusted	358.6	353.2	298.6	225.3	239.1
As a % of net sales	11.7	12.9	15.7	13.2	13.4
Net income	268.5	270.6	248.0	184.8	206.5
As a % of net sales	8.7	9.9	13.1	10.8	11.6
Operating free cash flow	139.4	116.9	203.1	192.3	160.9
Earnings per share in CHF	6.84	6.95	6.51	4.90	5.47
Payout per share in CHF	2.50 ¹	2.50	2.20	1.80	1.80
Balance sheet in CHF million					
Assets	2'546.8	2,574.2	1,839.1	1,684.1	1,638.6
Net cash (+)/debt (-)	-445.3	-477.7	279.1	144.3	68.7
Average Capital Employed ²	1'758.9	1,557.6	1,143.6	1,134.0	1,134.9
Invested Capital ²	3'339.5	3,290.9	2,194.0	2,149.5	2,153.2
Equity	1'375.7	1,303.6	1,450.4	1,278.2	1,237.2
As a % of assets	54.0	50.6	78.9	75.9	75.5

¹ Proposed payout at SFS Group's Annual General Meeting on April 24, 2024

² Calculation of the key figure is shown in the Information for shareholders section of the annual report

Important progress in sustainability

Last year, SFS Group reduced its Scope 1 and 2 emissions by -7.6%. In order to reinforce its emissions reduction targets, SFS committed itself to the "Science Based Targets initiative (SBTi)". Owing to the overall energy situation, the energy mix in Switzerland was complemented with nuclear energy. As a result, the share of renewable electricity fell to 40.0% (PY 49.7%). With the installation of new photovoltaic systems in China and Switzerland, the share of self-generated renewable energy increased further in the year under review. Through systematic supplier assessments on environmental and social criteria, SFS is improving transparency in its supply chain.

At 4.0, the number of accidents per million hours worked remained at the same level as in the previous year. With regard to training and education, SFS firmly believes that they are extremely important and play a key role in the economy and society. At 5.1% in 2023 (PY 5.4%), the SFS Group was on track to meet its long-term goal of 5-7% of permanent employees worldwide participating in dual-track education and training programs.

The SFS Group met its compliance obligations in the year under review. We have no knowledge of any human rights violations within the company's sphere of influence that were committed. That also includes the topic of child labor. Two compliance audits were carried out; the results of both were positive and document the Code of Conduct's effective implementation. Once again, there were no confirmed cases of corruption in the year under review.



Sales by segment In CHF million	2023 1st half-year	2023 2nd half-year	2023	2022	+/- PY
Third-party sales	1,580.7	1,510.1	3,090.8	2,746.1	12.6%
Engineered Components	479.0	508.7	987.7	1,028.2	-3.9%
Fastening Systems	330.4	284.9	615.3	644.9	-4.6%
Distribution & Logistics	771.3	716.5	1,487.8	1,073.0	38.7%
Operating profit (EBIT) adjusted by segment In CHF million/as a % of net sales					
Operating profit (EBIT) adjusted	189.9	168.7	358.6	353.2	1.5%
	12.1%	11.3%	11.7%	12.9%	-1.2pp
Engineered Components	44.2	60.0	104.2	146.2	-28.7%
	9.4%	11.5%	10.5%	14.1%	-3.6pp
Fastening Systems	54.5	38.6	93.1	116.3	-19.9%
	16.2%	13.3%	14.9%	17.7%	-2.8pp
Distribution & Logistics	92.8	71.2	164.0	102.2	60.5%
	12.1%	10.0%	11.1%	9.6%	1.5pp

Development by segment

The Engineered Components segment deftly used the seasonal ramp-up of components used in the area of Mobile Devices in the second half of 2023 to boost the results from the first half year. Demand in the segment's other end markets remained unchanged overall during the course of the year. Economic developments in Europe and the continued strengthening of the Swiss franc posed major challenges for the profitability of the Swiss locations; these challenges are being countered by extensive packages of measures.

Fastening Systems achieved a reduced result in 2023 compared to the previous year. Over the course of the financial year, the segment was negatively impacted by a weakened market environment with occasionally high inventories across the entire value chain. In the USA, the Construction division expanded its market presence with three additional distribution locations.

The Distribution & Logistics segment underwent an impressive development in the 2023 financial year. After a strong first half of the year, market demand deteriorated over the course of the year. This resulted in a decline in order intake, which was partially offset by the high order backlog. Both divisions continued a close exchange and benefited from the potential opened up by operational and strategic collaboration.



Changes in the Group Executive Board

Urs Langenauer took over from Alfred Schneider as Head of the Automotive division on January 1, 2024. The Board of Directors and the Group Executive Board would like to take this opportunity to thank Alfred Schneider for his farsighted approach when positioning the Automotive division as well as for his enormous, longstanding commitment to the SFS Group. Alfred will continue to support SFS on selected projects until his retirement on May 31, 2024.

Thomas Jung took over responsibility for the Construction division from Arthur Blank as of January 1, 2024, which meant that Thomas Jung also joined the Group Executive Board.

Arthur Blank is now responsible for Corporate HR and Communications. Claude Stadler left the Group Executive Board at the end of 2023 and assumed responsibility for his family's holding company. He will continue to represent SFS in selected external bodies and support the company in working on various projects. The Board of Directors and Group Executive Board would like to thank Claude for his loyalty and all his successful efforts over many years in Corporate Services. They look forward to continuing to work together with him.

Susanne Jung left the company in fall 2023.

Changes in the Board of Directors

Shareholders elected Fabian Tschan to the Board of Directors at the Annual General Meeting on April 26, 2023. He replaced Bettina Stadler as part of the long-term succession plan set up by the family shareholders.

At the 2024 Annual General Meeting, the Board of Directors proposes that Tanja Birner, Senior Vice President Global Sales & Marketing at Siemens, be appointed as a new member. With her many years of experience in multi-divisional, international and listed industrial companies, the Board of Directors is confident she will be a valuable addition to the Board.

Annual General Meeting and dividend

The 31st Annual General Meeting of SFS Group AG will be held at Sportzentrum Aegeten in Widnau (Switzerland) on April 24, 2024.

The Sustainability Report now requires the approval of the Annual General Meeting.

In view of the robust earnings situation, the Board of Directors proposes that a dividend of CHF 2.50 (PY CHF 2.50) per share be distributed.

Further information will follow together with the invitation, which will be sent out in March 2024.

Outlook for the financial year 2024

The outlook continues to be shaped by considerable uncertainty as a result of economic and geopolitical developments. In this volatile environment, paired with low visibility, placing the highest possible focus on customers, pushing further ahead the innovation projects to generate future growth and ensuring efficient and profitable business processes take top priority. SFS wants to identify the chances and opportunities that go hand in hand with the current changes and, based on the communicated mid-term guidance, seize them in a systematic way.

For the financial year 2024, the SFS Group expects an EBIT margin around previous year level.

[Link to Annual Report 2023](#)



About the SFS Group

SFS is a worldwide leading supplier of application-critical precision components and assemblies, mechanical fastening systems, quality tools and procurement solutions. SFS Group AG operates in the three segments Engineered Components, Fastening Systems and Distribution & Logistics, which represent the company's different business models. In the **Engineered Components** segment, SFS partners with customers to develop and manufacture customer-specific precision-molded parts, assemblies and fastening solutions. Engineered Components comprises three divisions: Automotive, Electronics and Medical & Industrial Specials. The **Fastening Systems** segment, which consists of the Construction division, develops, manufactures and markets application-specific mechanical fastening systems. In the **Distribution & Logistics** segment, SFS is a leading sales partner in Europe for direct and indirect materials in the areas of quality tools, fasteners and other C-parts as well as logistics and process solutions for customers in industrial and construction sectors. The segment comprises two divisions, Distribution & Logistics Switzerland and Distribution & Logistics International. The SFS Group is a global player with 140 manufacturing sites and distribution companies in 35 countries in North America, Europe and Asia. It generated third-party sales of CHF 3,090.8 million in the 2023 financial year with a workforce of approximately 13,200 (FTEs).

More information is available at [sfs.com](https://www.sfs.com).

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